

May 17, 1996 1:01PM

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MasterCard International
2000 Purchase Street
Purchase, NY 10577-2919
914 244-2000
Internet Home Page:
<http://www.mastercard.com>

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FAX BROADCAST COVER SHEET

May 17, 1996

**From: H. Eugene Lockhart
President and Chief Executive Officer**

TOTAL NUMBER OF PAGES 3

To: INDIVIDUAL/AFFILIATION TELECOPIER NUMBER

**Messrs: JOSEPH W. SAUNDERS 408-755-2921
HOUSEHOLD CREDIT SERVICES INC.**

**NORMAN J. TICE
BOATMEN'S CREDIT CARD BANK 314-466-7517**

**STEPHEN E. WALL
KEYCORP 216-689-9950**

**CHARLES R. WALSH
CHEMICAL BANK 516-934-4653**

**MARK H. WRIGHT
USAA FEDERAL SAVINGS BANK 210-496-7928**

ARTHUR B. ZIEGLER



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CPW 00524

P-0185

May 17, 1996 11:24
MasterCard International
2000 Purchase Street
Purchase, NY 10577-2909
914 249-2880
Internet Home Page:
<http://www.mastercard.com>

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**GOVERNMENT
DEPOSITION
EXHIBIT
149**

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CFM 00524

MasterCard International
2000 Purchase Street
Purchase, NY 10577-2509
914-249-2000
Internet Home Page:
<http://www.mastercard.com>

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[Handwritten signature]

May 17, 1996

To: The MasterCard International Board of Directors

From: H. Eugene Lockhart
President and Chief Executive Officer

On Thursday, May 1, 1996, Harvey Golub, Chairman of American Express, made a presentation at the Credit Card Forum meeting in Atlanta, Georgia.

As has been widely chronicled, Mr. Golub's comments attacked Visa and its rule against its U.S. members participating in competing programs, such as American Express, and offered bankcard members the opportunity to negotiate their possible participation in American Express. Mr. Golub further suggested that members approach MasterCard about this possibility since MasterCard doesn't have a similar rule.

Needless to say, Mr. Golub's comments have created some controversy. We feel it best to advise our members of the next steps MasterCard will take in response to his offer. The Senior Management of MasterCard, at a recent meeting, discussed this issue at length and concluded that allowing members to take advantage of Mr. Golub's proposal would not be in the best interest of the MasterCard brand. The members of Senior Management felt this was an issue that must be addressed with the Executive Committee and the Board in June, so that MasterCard can announce the formal position adopted by the Board to the membership. In the interim, we feel it is appropriate that MasterCard management advise its U.S. members to withhold taking any action until the review process has been concluded and our formal position announced.

Attached, for your information, is the notice that will be sent to members today. We will provide the Board and Executive Committee with a detailed write up of this issue for consideration at the June meetings.

If you have any questions in the interim, please feel free to call me at 914-249-5100.

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CFW 00525

Date
17 May 1996



Number
1

To
U.S. Region Principal Contacts and U.S. Region Business Committee

From
Christopher D. Thorn
Executive Vice President, Franchise Management

Subject
MasterCard Response to American Express Comments

This bulletin is intended to inform MasterCard members of management's reaction to comments by Harvey Golub, Chairman of American Express, during his presentation at the Credit Card Forum held in Atlanta, Georgia on Thursday, 1 May 1996.

As has been widely chronicled, Mr. Golub attacked Visa and its rule against its members participating in competing programs, such as American Express, and offered bankcard members the opportunity to negotiate their possible participation in American Express. Mr. Golub further suggested that members approach MasterCard about this possibility because MasterCard doesn't have a similar rule.

MasterCard management's initial reaction is one of serious concern that allowing MasterCard members to participate in the American Express program would not be in the best interest of the MasterCard brand. A formal recommendation will be made to the Board of Directors at its meeting at the end of June following a detailed analysis of this issue. We expect to announce MasterCard's formal position shortly after the board meeting. We suggest that our members not take any action at this time with respect to Mr. Golub's offer.

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Franchise Management Bulletin

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